

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
August 25, 2005
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The August 24, 2005 Regular Meeting of the Illinois Gaming Board ("Board") was recessed to Thursday, August 25, 2005 in the Casino Queen Ballroom located at 200 S. Front Street, East St. Louis, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Aaron Jaffe and Member Charles Gardner, Eugene Winkler, Joseph Moore, and James Sullivan.

Chairman Jaffe reconvened the August 24, 2005 Regular Meeting at 9:05 A.M. in the conference room of the Casino Queen Hotel .

The Board convened its Open Session at 12:10 P.M.

Member Gardner moved to reconvene into Open session. Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Jaffe stated that the Board is delighted to be in East St. Louis.

Board Members Comments

Member Gardner thanked Casino Queen for the tour and its hospitality.

Administrator's Report

Interim Administrator Tamayo announced that the agenda items regarding Argosy Gaming, Penn National and Hollywood Casino would be tabled to a future meeting.

Interim Administrator Tamayo briefed the public on the items that were discussed during Closed session.

Interim Administrator Tamayo announced that there would be a closed session meeting on Tuesday, August 30, 2005 at 9:00 a.m. Interim Administrator Tamayo stated that the September 19th Regular Board meeting would be rescheduled. Interim Administrator Tamayo stated that a public notice would be issued once the date for the September Regular Board meeting is determined. Interim Administrator Tamayo stated that the Board would also be conducting a number of meetings to discuss the independence Bill and legislation concerning the Gaming Board.

Interim Administrator Tamayo stated that Staff is currently working on the FY 06 budget projections in terms of the revenue anticipated from the various casinos, as well as the budget expenditures in terms of casino operations.

Public Commentary

Mark Anerson was present to address his concerns regarding his son, who is a compulsive gambler and enrolled in the Self-Exclusion Program. Mr. Anerson urged the Board to design a system that would ensure that those who are on the self-exclusion list would not be allowed in the casinos.

Anita Bedell, Executive Director, Illinois Church Action on Alcohol & Addiction was present to discuss the Self-Exclusion Program. Ms. Bedell thanked the Board for issuing Empress Casino a fine for failing to flag patrons who are on the Self-Exclusion list. Ms. Bedell encouraged the Board to continue to monitor the casino to ensure that self-excluded patrons are not allowed in the casinos.

Ms. Bedell addressed her concerns regarding credit that the casinos issue to patrons, and urged the Board to eliminate credit at casinos.

Ms. Bedell expressed her concerns regarding the change of Gaming Board meeting locations and dates. Chairman Jaffe stated that anytime the Board renews a license the Board wants to visit the community to see the impact that the licensee has on the community. Chairman Jaffe stated that by visiting the community, it gives the people in the community, who may not be able to attend meetings in the downtown Chicago area, the opportunity to address the Board with any comments or suggestions that they may have regarding the licensee.

Chairman Jaffe stated that there were no other locations for the Board to conduct its meeting in East St. Louis other than the Casino Queen Hotel.

James Gray, President/Chairman, Alton Branch of NAACP, was present to address his concerns regarding the lack of minorities in upper level management positions at Argosy Casino. Mr. Gray stated that he would like for Penn National to continue Argosy's commitment to minorities if the Board approves the acquisition.

Member Gardner discussed the Board's Self-Exclusion Program. Member Gardner stated that Mr. Arneson is correct in the fact that the casinos do not have a system for catching self-excluded patrons at the entrance of the casinos, however, if the patrons try to cash a check, obtain credit, or cash a jackpot they would be identified and evicted from the casino.

Owner Licensee Items

Mandalay Bay – MGM Proposed Financing - Cid Froelich and Paul Jenson were present on behalf of Mandalay Bay to request final approval for proposed financing.

Based on a review of the staff's investigation and recommendation, Member Gardner moved that **the Board approve MGM Mirage's Proposed Financing and delegate to the Administrator, under Board Rule 3000.230(d)(2), final approval of the transaction upon execution of the appropriate documents.**

Further, Member Gardner moved that **the board approve the 4th Amended and Restated Loan Agreement dated as of November 22, 2004 among MGM MIRAGE, MGM Grand Detroit, LLC, Bank of America, N.A. and The Royal Bank of Scotland PLC and Nevada Landing Partnership as a subsidiary guarantor under all existing indebtedness of MGM MIRAGE, Mandalay Resort Group and Mirage Resorts Incorporated, including but not limited to the indebtedness described in the above Loan Agreement and MGM's \$500 million 6.625% Senior Notes due in 2015.** Member Sullivan seconded the motion. The Board approved the motion unanimously by voice vote.

Penn National – Request to Purchase Argosy Gaming – Key Person – Kevin Desanctis, Chief Operating Officer of Penn Gaming, and Cid Froelich were present on behalf of Penn National. Mr. Froelich requested that one of the Board members, particularly Member Gardner since he has background in financing, participate with Staff in a conference call with Penn National to address any questions and concerns to shorten the process of the acquisition.

Mr. Desanctis stressed how important it is for Penn National to come to a conclusion on the transaction. Mr. Desanctis stated that he recognizes that the Board has very serious issues that it has to consider. Mr. Desanctis stated that Penn National would fully cooperate with the Board in order to expedite the process.

Casino Queen – License Renewal; Stock Ownership Pledge – Tom Monahagn, General Manager of Casino Queen and Jeff Watson, General Counsel, were present on behalf of Casino Queen to request license renewal.

The former Mayor of East St. Louis and other public officials were present on behalf of Casino Queen to express their support of its license renewal.

Member Gardner encouraged the City of East St. Louis to utilize its riverfront and make it an asset to the City of East St. Louis.

Based on the staff's investigation and recommendation, Member Winkler moved that **the Board approve the renewal of the Owner's License of Casino Queen, Inc. for a term of 4 years commencing retroactively to July 2005.** Member Winkler moved that **the Board impose the following conditions:**

- 1. Within 60 days, Casino Queen shall provide a comprehensive social investment plan that addresses the improvement of education in East St. Louis and the beautification of property surrounding the casino and the promotion of diversity in the work place,**

including ethnic, racial and gender diversity, especially at their senior management level.

2. That Casino Queen report to the Illinois Gaming Board on a quarterly basis on the progress towards these objectives until further notice.

Further, the Board designates and approves the following positions and persons as Key Persons of the licensee:

- 1. President;**
- 2. Directors of the Board;**
- 3. Charles W. Bidwill, III;**
- 4. Michael J. Gaughan;**
- 5. Patrick B. Kenny;**
- 6. William J. Koman, Sr.;**
- 7. William J. Koman, Jr.;**
- 8. James G. Koman;**
- 9. George S. Lulich;**
- 10. Timothy J. Rand; and**
- 11. Frank Toti.**

Member Gardner seconded the motion. The Board approved the motion unanimously by voice.

Occupational Licenses Approvals – Level 2's & 3's

Based on staff's investigation and recommendation, Member Winkler moved that **the Board approve 32 applications for an Occupational License, Level 2, and 117 applications for an Occupational License, Level 3.** Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

Proposed Complaints and Disciplinary Actions

- **Par-A-Dice Gaming Corporation (Par-A-Dice) – Self –Exclusion Program- Complaint & Settlement**

Based on a review of the staff's investigation and recommendation, Member Gardner moved that **the Board issue a disciplinary complaint against Par-A-Dice Gaming Corporation (Par-A-Dice), an Owner Licensee, based on its:**

- (1) failure to download updated lists of self-exclusion program enrollees from the Board;**
- (2) failure to update the patron tracking system to reflect the self-exclusion program status of persons appearing in the data base file;**

- (3) failure to maintain a system designed to detect persons on the self-exclusion program list;**
- (4) failure to update the self-exclusion program list in order to prohibit all check cashing and credit issuance;**
- (5) failure to update other financial eligibility data bases;**
- (6) failure to maintain the self-exclusion program list to be flagged on all mailings, marketing, or promotional data bases;**
- (7) allowing the cashing of checks for patrons on the self-exclusion program list;**
- (8) allowing the issuance of comps to patrons on the self exclusion program list;**
- (9) allowing the changing of the patron tracking system status of a particular patron from “evicted” to “active”; and**
- (10) failure to provide information to security regarding self exclusion program enrollees.**

Further, Member Gardner moved that **the Board fine Par-A-Dice \$200,000. The aforementioned action will take affect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.**

Further, Member Gardner moved that **the Board accept the proposed settlement agreement between the Board and Par-A-Dice and delegate the authority to the Interim Administrator to execute such agreement upon payment of the \$200,000.** Member Sullivan seconded the motion. The Board approved the motion unanimously by voice vote.

- Walter Boyd, Porter

Based on the staff’s investigation and recommendation, Member Moore moved that **the Board issue a Disciplinary Complaint against Walter Boyd, a Level 3 Occupational Licensee, for failing to comply with the Illinois Administrative Procedure Act, the Illinois Riverboat Gambling Act and the Board’s Adopted Rules in relation to the January 31, 2005 certification by the Illinois Department of Public Aid that Mr. Boyd was over 30 days delinquent on the payment of child support.**

Further, Member Moore moved **that the Board revoke Mr. Boyd’s Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.** Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

- Terence Stith, Vessel captain

Based on the staff's investigation and recommendation, Member Moore moved **that the Board issue a Disciplinary Complaint against Terence Stith, a Level 3 Occupational Licensee, for failing to comply with the Illinois Riverboat Gambling Act and the Board's Adopted Rules in relation to his plea of guilty to felony vote fraud on or about March 22, 2005.**

Further, Member Moore moved that **the Board revoke Mr. Stith's Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.** Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

Personnel

Member Moore moved that **the Board deny the request of Agent Mark Tomany for a waiver of Section 7 of the Illinois Gaming Board Code of Conduct.** Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

At 1:35 P.M. Member Moore moved that the Board reconvene to Closed session. Member seconded the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned Closed session at 2:20 P.M.

Respectfully submitted,
Monica Thomas

Secretary to the Board